

JP MORGAN CHASE

15559-2

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Alayne Geller

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

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|-----------------------------|---|
| ----- X | |
| In re Application of | : |
| Thomas Qi | : |
| | : |
| Serial No.: ____/____ | : |
| | : |
| Filed: 1/24/03 | : |
| | : |
| For: METHOD OF EVALUATING | : |
| A PORTFOLIO OF LEASED ITEMS | : |
| ----- X | |

Group Art Unit: TBD
Examiner: TBD

Honorable Commissioner of
Patent and Trademarks
Washington, D.C. 20231

SIR:

PETITION TO MAKE SPECIAL
MADE UNDER 37 CFR 1.102

It is requested that the utility application "*Method of Evaluating a Portfolio of Leased Items*" be granted special examination status. All claims are directed to a single invention, a pre-examination search has been made, one copy of each of the most pertinent references is attached, and a detailed discussion points out with particularity how the claimed subject matter is patentable over the references. Please charge any fees deemed necessary under 37 CFR 1.17(h) to Deposit Account No. 501358.

REMARKS

New application; Request for expedited examination:

This utility application "*Method of Evaluating a Portfolio of Leased Items*" claims priority from U.S. Provisional Application S/N. __/_____, "*Method of Evaluating a Portfolio of Leased Items*", filed January 24, 2003. This is a petition to make special for expedited examination under 37 CFR 1.102, and more particularly under "Special Examining Procedure For Certain New Applications - Accelerated Examination". (MPEP, § 708.02 (VIII)).

Claims are directed to a single invention:

All claims are directed to a single invention, a system and method for the evaluating a portfolio of leased items. (MPEP, § 708.02 (VIII)(B)).

Pre-examination search:

A pre-examination search was completed. The following classes and subclasses were searched: (MPEP, § 708.02 (VIII)(C)).

| <u>Class</u> | <u>Subclasses</u> |
|--------------|-------------------|
| 705 | 38, 36, 37, 400 |

Most pertinent references:

The most pertinent references are believed to be:

U.S. Patent No. 6,502,080, "*Automatic Lease Residual Management System*" to Eichorst, et al., issued December 31, 2002, hereinafter ("Eichorst");

U.S. Publication No. US 2002/0198822, "*Method and Apparatus for Evaluating an Application for a Financial Product*" to Munoz, et al., published December 26, 2002, hereinafter ("Munoz"); and,

U.S. Publication No. US 2002/0198797, "*Method for assessing equity*" to Cooper, et al., published December 26, 2002, hereinafter ("Cooper").

Copies of these three patents are attached. (MPEP, § 708.2 (VIII)(D)). The remaining references found to be of interest in the search are identified in an accompanying Information Disclosure Statement.

Discussion of the instant application and the references:

Independent claim 1 of the patent application calls for a method for evaluating a portfolio of leased depreciable items based on data on the leased items, market forecasts, and historical data on similar leased items. An important aspect of the invention is that the residual value of the lease portfolio is subject to uncertain circumstances. Dates and dollar values are assigned to leased items to define these occurrences. The reserve level appropriate to the portfolio can then be calculated; and finally actions can be taken, including adjusting the size of the reserve based on the method's results.

The following is a discussion of three patents found in our search to be most relevant to the invention. The remaining references cited by the search are listed on the attached IDS.

The Eichorst patent describes earlier work by applicant's company in this area. The same assignee company as in the instant invention owned the Eichorst patent at the time of the instant invention. It discloses an earlier method to value a leased portfolio. The method predicted a market value loss of the vehicle --*at a scheduled maturity date of the lease*--, the predicted market value loss being a function of: (i) a probability that the vehicle will be returned to the lessor after the lease; (ii) at least one predicted price at which the vehicle may sell after the lease; and (iii) a residual value of the vehicle, the residual value being an aggregate of at least a projected price of the vehicle at the scheduled maturity date made prior to the lease and an enhancement amount; and obtaining the net reserve of the vehicle as a function of the predicted market value loss. (Eichorst, col. 2, line 50-59).

The inventive method is a significant improvement over Eichorst in that the inventive method estimates residual value of the lease portfolio subject to uncertain circumstances. It does this by probabilistically assigning dates of possible occurrences, the value of the leased item at those dates, and which of the events is likely to be the outcome for each lease account. Eichorst does not disclose the assignment of dates and the dollar value of the leased items at those dates, nor the likelihood of which event, will occur. Therefore Eichorst does not anticipate the invention.

The Munoz patent publication discloses a method to allow the financial institution to make application approval decisions. (Munoz, [0021]). The method considers the applicant's social security number and contact information, a vehicle identification number (VIN) of the vehicle being leased, mileage information regarding the vehicle being leased, and the amount of the requested lease. (Munoz, [0023]). Loss calculations may include calculations determining the probabilities of a number of different termination events occurring during the life of the financial product (e.g., early payoff of a lease, etc.). (Munoz, [0024]). The disclosure does not disclose a method suitable for evaluating a large portfolio of leased items, but rather a limited method of determining liability for a given lease.

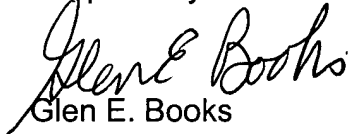
The inventive method estimates residual value of a large corporate lease portfolio by probabilistically assigning dates of possible occurrences, the value of the leased item at those dates, and which of the events is likely to be the outcome for each lease account. Munoz does not disclose the assignment of dates and the dollar value of the leased items at those dates, nor the likelihood of which event, will occur. Therefore Munoz does not anticipate the invention.

The Cooper patent publication discloses a method to assess an automotive finance company's equity adequacy wherein sources of creditor protection comprises equity, reserves, net deferred tax liability in the event of an overall loss, future tax liability and lifetime profits. (Cooper, Abstract). Sources of creditor protection for unexpected losses comprise projected future taxes on existing business, present deferred tax liability, projected lifetime profits from the finance company's existing portfolio (i.e. future equity), present reserves and present equity as quantified on the company's financial statement. (Cooper, [0031]).

By contrast, the inventive method estimates residual value of a large corporate lease portfolio subject to uncertain circumstances. It does this by probabilistically assigning dates of possible occurrences, the value of the leased item at those dates, and which of the events is likely to be the outcome for each lease account. Cooper does not disclose the assignment of dates and the dollar value of the leased items at those dates, nor the likelihood of which event, will occur. Therefore Cooper does not anticipate the invention.

Neither Eichorst, nor Munoz, nor Cooper discloses the instant invention. And Neither Eichorst, nor Munoz, nor Cooper taken alone, or in combination, teach, suggest, or motivate one skilled in the art towards the invention. In view of the foregoing, applicant respectfully requests this case be made special for expedited examination.

Respectfully submitted,


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June 18, 2003
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Attachments:

U.S. Patent No. 6,502,080, issued December 31, 2002

U.S. Publication No. US 2002/0198822, published December 26, 2002

U.S. Publication No. US 2002/0198797, published December 26, 2002

IDS listing other references located in a patent search